

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

ALTAGRACIA PEGUERO,

Plaintiff,

v.

AMERICAN EXPRESS COMPANY
and HEALTHEXTRAS, INC.,

Defendants.

Civil Action No. 05-10995-RCL

MOTION TO STRIKE PLAINTIFF'S
LATE DISCLOSURE OF A NEW EXPERT

Defendant HealthExtras, Inc. hereby moves to strike the "Rule 26(a)(2)(b) Report of Glendon B. Nickerson, Jr., CLU" that the plaintiff, Altagracia Peguero, served on March 2, 2007. The operative deadline for Ms. Peguero's expert disclosure was October 6, 2006.

Background

1. Ms. Peguero filed this case in state court on March 28, 2005. The case was removed to this court on May 13, 2005.
2. At an initial case management conference in September, 2005, the court established various case management deadlines, including a deadline of July 14, 2006 for the plaintiff's expert disclosure.
3. In January, 2006, defendant American Express Company filed a third-party complaint against HealthExtras, after which Ms. Peguero filed her own, direct claims against HealthExtras.
4. Given HealthExtras' late entry into the case, the court scheduled a further case management conference for June 21, 2006. At that conference, with the parties' input and

consent, the court established a new set of case management deadlines, extending the deadline for the plaintiff's expert disclosure to October 6, 2006.

5. On October 5, 2006, Ms. Peguero disclosed two experts: an insurance expert named Timothy Ryles and a vocational expert named Paul Blatchford.

6. On March 2, 2007, without acknowledging the long-expired October 6, 2006 deadline, Ms. Peguero served a disclosure for a new, previously unidentified insurance expert named Glendon B. Nickerson, Jr. A copy of this disclosure is attached as Exhibit A.

7. Mr. Nickerson's opinion is not based on any newly-discovered information, but rather concerns the very marketing materials (by which Ms. Peguero claims to have been deceived) that have been at the center of this case since its inception almost two years ago.

ARGUMENT

The operative deadline for the plaintiff's expert disclosure was October 6, 2006. In response to Ms. Peguero's October 5, 2006 disclosure of her insurance expert, Timothy Ryles, HealthExtras retained and disclosed (in November, 2006) its own insurance expert, Daniel R. Judson. Ms. Peguero's March 2, 2007 disclosure of a new insurance expert, almost five months after the operative deadline, is grossly late, unexcused and prejudicial to HealthExtras.

WHEREFORE, HealthExtras respectfully moves that Ms. Peguero's "Rule 26(a)(2)(b) Report of Glendon B. Nickerson, Jr., CLU," served on March 2, 2007, be stricken.

HEALTHEXTRAS, INC.,

By its attorney,

/s/ Donald R. Pinto, Jr.
Donald R. Pinto, Jr., BBO No. 548421
RACKEMANN, SAWYER & BREWSTER
One Financial Center
Boston, Massachusetts 02111
(617) 542-2300

CERTIFICATE UNDER LOCAL RULE 7.1(A)(2)

I hereby certify that I have conferred in good faith in an attempt to resolve or narrow the issues presented by this motion. The conference took place on March 20, 2007, by telephone, between the undersigned and Kevin Donius, Esq., counsel for the plaintiff.

/s/ Donald R. Pinto, Jr.

Donald R. Pinto, Jr.

Dated: March 20, 2007

CERTIFICATE OF SERVICE

I hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants on this date.

/s/ Donald R. Pinto, Jr.

Donald R. Pinto, Jr.

Dated: March 20, 2007

LAW OFFICES OF KEVIN DONIUS, P.C.

424 Adams Street, Suite 100
Milton, Massachusetts 02186

Telephone: (617) 296-4900
Facsimile: (617) 296-4990

March 2, 2007

Via Facsimile
and First Class Mail

John F. Farraher, Jr., Esq.
Greenberg Traurig
One International Place
Boston, MA 02110

Donald R. Pinto, Jr., Esq.
Rackemann, Sawyer & Brewster, P.C.
One Financial Center
Boston, MA 02111

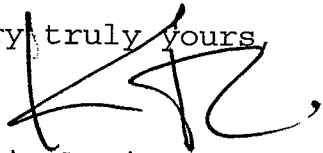
Re: Altagracia J. Peguero v. American Express Company, et al.
Civil Action No. 05-10995-RCL

Dear Counselors:

In connection with the above-referenced matter, enclosed please find Rule 26(a)(2)(B) Report of Glendon B. Nickerson, Jr. CLU.

Thank you.

Very truly yours,



Kevin Donius

KD:nlm
Enclosure

cc: Louis Smith, Esq. (w/enclosure)

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

ALTAGRACIA J. PEGUERO,)	
Plaintiff,)	Civil Action No. 05-10995-RCL
)	
v.)	
)	
AMERICAN EXPRESS COMPANY, and)	<u>RULE 26(a)(2)(B) REPORT OF</u>
HEALTHEXTRAS, INC.,)	<u>GLENDON B. NICKERSON, JR. CLU</u>
Defendants.)	
)	

My name is Glendon B. Nickerson, Jr. I am a Chartered Life Underwriter and an employee of the G.B. Nickerson Insurance Agency located at 321 Boston Post Road, Suite 4C, Sudbury, Massachusetts. I have been in the business of selling insurance, including disability insurance, since 1977. I am a licensed insurance producer under the laws of the Commonwealth of Massachusetts and have been so since 1977. I am familiar with the types of disability insurance available in Massachusetts in 2002. A copy of my Curriculum Vitae is attached as Exhibit A.

At the request of Kevin Donius, Esq., I have been asked to review a so-called "Accidental Disability Plan from American Express" and to compare and contrast it with other disability plans available in Massachusetts in 2002. I have also been asked to review the promotional materials sent to potential purchasers and purchasers of the Plan.

I am being compensated at the rate of \$200.00 per hour for my consultation. I have not previously testified as an expert witness at trial or by deposition. As discovery is incomplete, my opinions and conclusions are preliminary, based upon the materials I have reviewed to date and subject to change. I expect to prepare a revised, updated report prior to trial.

It is my opinion that the "Accidental Disability Plan from American Express" was marketed in a misleading and deceptive manner. The initial solicitation received by Ms. Peguero, in my view, would have likely led her and other reasonable consumers to believe she was purchasing a disability policy, not a supplemental, accidental insurance policy which more accurately describes the type of insurance that she did purchase; in fact, the Master Policy (which was never sent to any group certificate holders) names and describes the insurance as "Voluntary Accident Insurance". Coverage under disability policies typically is dependent upon the effect of an injury or illness that restricts the insured's ability to perform work, not upon which body part(s) are injured, and a reasonable consumer would expect that the loss of arm would constitute a permanent disability. While the solicitation in question had language on it describing the extremely limited terms

of the policy, the placement, print size and prominence of the "disclosure" was, in my view, intended to obscure rather than highlight the disclosure.

Moreover, neither the letter nor the Plan Summary sent with the "Welcome Kit" contains any disclosure of the restrictive terms of the policy and again both would lead a reasonable consumer to believe she was purchasing disability insurance that would cover her if she became disabled.

It is also my opinion that the "Accidental Disability Plan" from American Express" was nearly impossible to collect benefits from and provided no value to any purchaser. Given its extraordinarily restrictive definition of disability and a 365 day elimination period, the coverage provided has such narrow benefit triggers in order to collect benefits that I cannot imagine why anyone who was aware of its terms would purchase it, even at a low price. This type of insurance is more appropriate, if at all, as a supplement to traditional disability insurance, not as a substitute for it.

As marketed, a reasonable consumer would have been led to believe she was purchasing a traditional disability policy not a supplemental policy. Consequently, consumers such as Ms. Peguero who purchased the "Accidental

Disability Plan *from American Express*" thinking it was traditional disability income insurance, not realizing that at most it was appropriate as supplemental accident insurance, likely did not seek traditional disability income insurance, and others who had traditional disability income insurance may have even replaced it with the less expensive plan from American Express. In my experience, disability income insurance is not typically marketed in the manner that it was by American Express.

I have also determined that as a 41 year old, non-smoking dental hygienist, earning \$35,275.54 per year in 2002, Ms. Peguero would have been able to obtain traditional disability insurance from a variety of insurers. Attached as Exhibits B and C, respectively, are proposals for disability insurance that would have been available to Ms. Peguero in 2002.

Under these proposals, as well as under other traditional disability income insurance policies available in 2002, Ms. Peguero would have been eligible for disability income benefits when she lost her arm in the car accident on have December 25, 2002. Whether Ms. Peguero had been drinking alcohol on the night of the automobile collision would not have affected her eligibility to collect benefits under the available policies. Under

available policies, after an elimination period of 90 days, Ms. Peguero would have been eligible to receive over 70% of her average monthly earnings for each month she was unable to perform the material and substantial duties of her own occupation at the time of claim due to the loss of her arm for up to 60 months. Thereafter, Ms. Peguero would have been eligible to continue receiving such benefits each month up to the age of 65 so long as she was unable to perform all the substantial and material duties of any occupation for which she was reasonably suited for, given her age, education, experience and abilities and was not engaged in any job for wage or profit.

Signed this 2nd day of March, 2007,

Glendon B. Nickerson, Jr.
Glendon B. Nickerson, Jr., CLU

EXHIBIT A

Glendon B. Nickerson Jr.

12 Wyndstone Way

Framingham, MA 01701-4887

Licensed Insurance Producer All Lines Commonwealth of
Massachusetts since November 1977

Licensed Insurance Adviser Property Casualty Commonwealth of
Massachusetts since September 1985

Education

University of Massachusetts, Amherst-Bachelor of Arts degree Cum
Laude January 1978

Risk Management and Insurance-Fall 1976-University of Massachusetts,
Amherst

General Principles of Insurance-June 1979-Alliance of American
Insurers

Chartered Property and Casualty Underwriter (CPCU)-Part 1-Principles
of Risk Management and Insurance

Chartered Property and Casualty Underwriter (CPCU)-Part 3-
Commercial Property Risk Management and Insurance

Chartered Life Underwriter (CLU)-CLU degree October 1993-The
American College, Bryn Mawr, PA

Employment History

Sentry Insurance Company of Stevens Point, Wisconsin

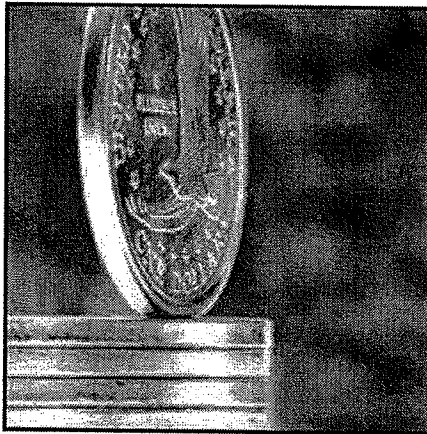
Employed in their Concord, Massachusetts office from January 1978 to
October 1980-worked in personal lines customer service/sales support
and commercial lines inside sales

Page Two

G.B. Nickerson Insurance Agency, 321 Boston Post Road, Suite 4C,
Sudbury, MA 01776 from October 1980 to present date

Account executive-sales and service of property/casualty, medical, life,
disability income insurance coverage. Specialty in disability income
insurance

EXHIBIT B



ASSURITY BALANCE®

Personal Disability Income Protection Proposal

Prepared For:
Altagracia J. Peguero

Presented By:
Glendon B. Nickerson Jr.
321 Boston Post Road
Suite 4C
Sudbury, Massachusetts 01776
Phone Number: 978-443-3332
Ext. 2



www.assurity.com



AssurityBalance®

Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Policy Summary

This Individual Disability Income Insurance policy pays you monthly benefits starting after 90 Days of total disability and continuing for up to 24 years, as long as you are totally and continuously disabled as defined by the policy and riders. See page 2 for definitions.

Benefit Summary

During the first 288 months of total disability:

Base Policy Monthly Benefit ...	\$1,200
SDIR Monthly Benefit* of	<u>\$950</u>
Total Monthly Benefit of	\$2,150

* This benefit will be reduced if you are receiving any Social Insurance Program

The total potential benefit of a claim assuming payment of the total monthly benefit to the end of the benefit period is \$619,200.

Premium Summary

Base Policy Monthly Premium	\$55.72
Optional Benefit Premiums:	
Supplemental Disability Income Rider	\$26.49
5-Year Own Occupation Rider	\$3.93
Residual Benefit Rider	<u>\$7.83</u>
Total Monthly Premium	\$93.97

THIS IS ONLY AN ILLUSTRATION, NOT A CONTRACT. AMOUNTS, BENEFITS, TERMS AND CONDITIONS ARE GOVERNED ONLY BY THE ACTUAL CONTRACT, NOT BY THIS ILLUSTRATION.

THIS ILLUSTRATION IS NOT VALID WITHOUT ALL PAGES.

Prepared on: 01/11/2007

Presented by: Glendon B. Nickerson Jr.

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Version #: 1.15.30



AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Provisions

Product Type

This policy is a guaranteed renewable disability income policy that gives you the right to renew the policy to age 65. The company has the right to change the premiums for all insureds of the same class at their original insuring ages, but cannot cancel the policy or make any unilateral changes in its benefits.

Definition of Disability

The benefits for total disability are payable during the first 60 months after the elimination period if you are unable to perform the substantial and material duties of your own occupation due to illness or injury and you require a doctor's care.

After 60 months of total disability, the benefits, if any, for total disability are paid if you are unable due to illness or injury to perform all the substantial and material duties of any occupation for which you are fitted by education, training, and experience, require a physician's care, and are not engaged in any job for wage or profit.

Presumptive Disability

A presumptive disability provision is included that presumes total disability if you suffer loss of speech, loss of hearing, loss of sight, loss of both feet, loss of both hands, or loss of one hand and one foot.

Home Modification Benefit

The Home Modification Benefit pays a one-time, lifetime benefit of \$1,000 towards the modification of your existing residence to improve your access to or your use of facilities within your existing residence due to your present total disability.

Recurrent Disability

A period of total disability commencing after you have returned to work following a period of total disability is considered a continuation of the previous disability unless it is due to an unrelated sickness or injury or you have returned to work full-time for at least 12 months.

Rehabilitation Benefit

If you are totally disabled, we will consider helping to pay the costs of a rehabilitation program. The amount paid will not exceed 6 monthly benefits.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Provisions (Continued)

Survivor Benefit

A survivor benefit is available at no additional cost that pays a lump sum benefit to a named beneficiary in the event the insured has been receiving disability benefits for 12 months and then dies. The lump death benefit is 6 times the monthly benefit.

Waiver of Premium

After 90 days of continuous total disability or the elimination period if longer, all premiums will be waived for the period during which benefits are payable. Any premium paid that should have been waived will be refunded.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Selected Riders

Supplemental Disability Income Rider (SDIR)

The Supplemental Disability Income Rider coordinates with social insurance program benefits. Benefit amounts paid under the rider are dependent on social insurance benefits received. Social insurance benefits include the following:

- Social Security Disability Benefits - Includes primary or family disability benefits for which you may become eligible under the U.S. Social Security Act, as amended from time to time, or a similar law of any other country. Any payment under Social Security Retirement provisions will be considered as a Social Security Disability Benefit.
- Worker's Compensation - Includes compensation benefits under any Worker's Compensation Act or Law or Occupational Disease Law, for which you may become eligible. It also includes insurance that provides benefits under any such Law - in any of the States or Territories of the United States, or similar act or law of any other country.
- Government Retirement and Disability Fund Benefit - Includes disability compensation, including amounts for dependents, under any Federal, State, County, Municipal or other government subdivision retirement and disability fund for which you may be eligible. Any payment resulting from retirement will be considered a Government Retirement and Disability Fund Benefit.
- Railroad Retirement Disability Fund Benefit - Includes primary or family disability benefits under the Railroad Retirement Act as amended from time to time. Any payment resulting from the Retirement options will be considered as Railroad Retirement Disability Income.

5-Year Own Occupation Rider (5-Year Own Occ)

The 5-Year Own Occupation Rider extends the base policy's 2-year own occupation definition of disability to 5 years.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Selected Riders

Residual Benefit Rider (RBR)

The Residual Benefit Rider pays you a monthly benefit if you are incurring at least 20% loss of prior earnings and will pay full benefit if loss of earnings is 80% or more. The benefit amount is determined by the relationship of your income before disability and your current income. Payments of the benefit are subject to the maximum benefit period shown on the Policy Summary, less any period in which total disability benefits were payable, NOT to exceed 5 years. This calculation is outlined in your disability income contract.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Exclusions

We will not pay benefits for the following:

Pregnancy

Disability due to normal pregnancy or childbirth is not covered under this policy.

War

Disability due to war or act of war whether or not declared is not covered under this policy.

Self-inflicted Injury or Sickness

Disability due to an intentional, self-inflicted injury or sickness is not covered under this policy.

Incarceration

Disability which starts during any period of court ordered incarceration is not covered under this policy.

Felony

Disability caused while committing or attempting to commit a felony is not covered under this policy.

Illegal Occupation

Disability caused while engaging in an illegal occupation is not covered under this policy.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Limitations

Mental, Nervous, Drug, Alcohol

This plan has a two-year lifetime limitation for disabilities related to mental, nervous, drug and alcohol disorders. Conditions included under the mental, nervous part of this limitation are all neuroses, psychoneuroses, psychopathy, psychosis or mental illness, disorder or condition of any kind.

Foreign Travel

This policy will pay up to 3 monthly benefits for any total disability sustained or continued outside the United States, Mexico or Canada.

Pre-existing Conditions

Disabilities due to health conditions not disclosed on the application for which medical advice, treatment or medicine was received or symptoms existed before the effective date of coverage are not covered for the first 2 years after the coverage is in force.

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AssurityBalance®

Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Underwriting Requirements

Non-medical limits and examination requirements are based on insurance age of proposed insured, benefit period and total monthly income in-force and applied for with the Home Office.

Requirements

The initial underwriting requirements which should be submitted to the Home Office are:

Ages	Monthly Benefit	Exam	HOS	SMA	EKG
41-50	500 to 1,500	No	No	No	No
	1,501 to 4,000	Yes	Yes	Yes	No
	4,001 and over	Yes	Yes	Yes	Yes

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Underwriting Requirements

Applicants with a history of rheumatic fever or heart murmurs or an extensive medical history should not be examined by a Paramedic. These applicants should be examined by a Physician. If there is any question about having an applicant examined, contact Disability Underwriting.

Inspection Report

A telephone inspection report will be ordered by the Underwriting Department. The phone inspection will be completed by a commercial inspection company. Please inform applicant that a phone call may be received.

Collection Limits

A full initial premium may be collected at time of application when the amount of all in-force and applied-for disability coverage with our company does not exceed \$5,000. The \$5,000 limit applies to applications that have the health questions answered and there is no significant medical history or the applicant is to be medically examined. On applications with in-force and applied-for amounts that exceed the \$5,000 limit or where the proposed Insured has significant health problems, the case must be handled on a C.O.D. basis.

Income Verification

Income verification will be required as part of the underwriting process.

- 1) If the applicant is not self-employed and the amount applied for exceeds \$3,000 of monthly income, a copy of the most recent pay stubs (last two), W-2 or tax return is required.
- 2) If the applicant is self-employed or a commissioned salesperson and the amount applied for exceeds \$1,500 of monthly income, a copy of the most recent tax return (with all schedules) is required.
- 3) If the applicant is self-employed or a commissioned salesperson and applying for "To Age 65" benefit period, copies of two years tax returns (with schedules) are required.

NOTE: The Company reserves the right to require a medical examination and/or other medical requirements (including inspection report) on any proposed insured.

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AssurityBalance®
Personal Disability Income Protection - Form A-D100

1526 K Street • Lincoln, NE 68508-2772

Insured: Altagracia J. Peguero

Issue Age: 41

Issue Class: Female, Non-Tobacco

Occupation Class: 3A

Base Benefit Period: To Age 65

Base Elimination Period: 90 Days

Premium Mode: Monthly

Home Office Information

New Business-ID	Occ. Class	Units
A-D100	3ANT	12.00
SDIR		9.50
RB1		
OR1		
HM1		

State: NE

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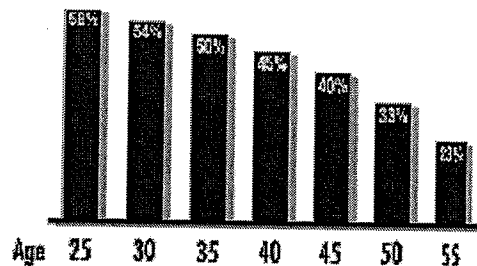
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Why Disability Income Insurance?

What are the chances of becoming disabled?

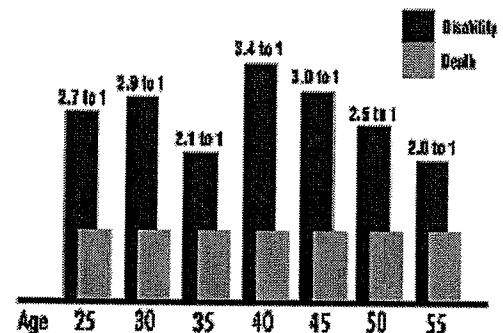
We don't like to consider the possibilities, but chances are, we could be faced with an injury or illness.

Chances of being disabled for three months or longer before age 65



Source: 1985 Commissioners Individual Disability A

Odds of Long-Term Disability vs. Death



Source: 1985 Society of Actuaries DTS

What are YOUR chances of becoming disabled?

Probability you will become disabled before age 65 for a period of:				
Given your age today: 41	Six Months	One Year	Two Years	Five Years
	32%	25%	21%	15%

How long could a disability last?

A prolonged disability could severely change your way of life and lead to long-term financial hardship.

At age	Average duration of disability lasting over 90 days
25	2.1 years
30	2.5 years
35	2.8 years
40	3.1 years
45	3.2 years
50	3.1 years
55	2.6 years

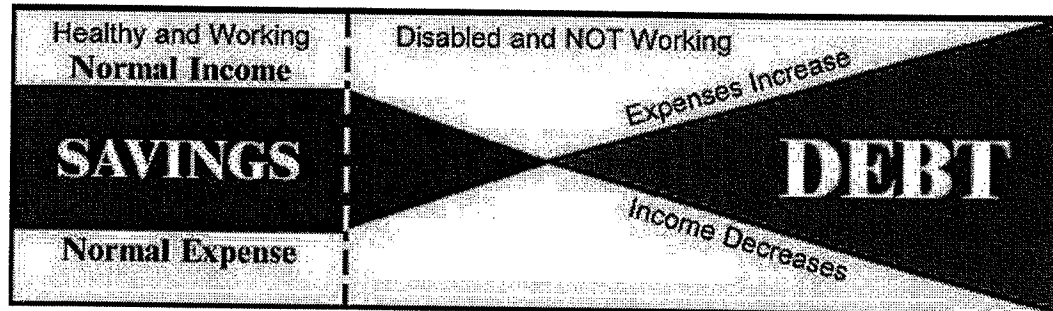
Source: 1985 Society of Actuaries DTS



Could you still pay your bills without your income?

When disability strikes, your income decreases and your expenses increase.

The problem is managing the cost of disability without turning your savings into debt!



With no income, how will you pay the bills?

A period of no income could last a month, a year, or for the rest of your life. Uncovered medical expenses and monthly household bills would still have to be paid or your family's lifestyle may have to change dramatically.

Your choices may be:



1. Borrow money

Borrowing money when your household income has dropped substantially may be very difficult.



2. Use your savings

The national savings rate is less than 4.1% of our incomes - scarcely enough to cover any disability for any length of time. Raiding your savings can have disastrous long-term consequences.



3. Sell property or assets

You've worked hard to establish your lifestyle. Loss of income could force you to sacrifice your home or other assets at fire-sale prices.



4. Live on spouse's income

Will your spouse's income be adequate for your family to maintain their lifestyle?




5. Disability Income Insurance

AssurityBalanc[®] Disability Income Insurance will provide extra income so you don't have to worry about losing what you've worked long and hard to achieve.

How Much Disability Income Insurance?

What amount of coverage is adequate?

To determine the right amount of disability protection for you, identify all sources of income other than your own as well as your typical monthly expenses. Your suggested monthly benefit is total expenses less total income.

Monthly Income	Monthly
Spouse's income (take-home pay) \$ _____	<u>FIXED EXPENSES</u>
Investment income \$ _____	Mortgage/rent payment \$ _____
Group long-term disability income coverage \$ _____	Installment loans (auto, other) \$ _____
Individual disability income policies \$ _____	Insurance premiums (life/medical/auto) \$ _____
TOTAL INCOME \$ _____	<u>VARIABLE EXPENSES</u>
	Food \$ _____
	Clothing \$ _____
	Utilities \$ _____
	Credit card payments \$ _____
	Recreation and entertainment \$ _____
	Miscellaneous expenses \$ _____
SUGGESTED MONTHLY BENEFIT \$ _____	TOTAL EXPENSES \$ _____
(Total Expenses less Total Income)	

How much would you spend to insure your most valuable assets?

What is your most valuable asset?

Rank the following list of six insurable items in order of importance to you, starting with one (1) as most important.

___ Health	___ Home
___ Income	___ Retirement
___ Auto	___ Contents/possessions

Now, place a checkmark by the items you currently have insured.

Insuring your most valuable asset...

For most of us, our ability to earn an income is our most valuable asset. We count on our paycheck to pay the bills and provide the safety and comfort our families deserve.

Yet an unexpected injury or illness could jeopardize this security. You insure your home and vehicle against unanticipated loss. Why wouldn't you insure your income?

Without your income, the rest may be impossible. If you have no income, there's a chance you could lose ALL of the items listed above.

Why keep your income at risk when so much depends on it?

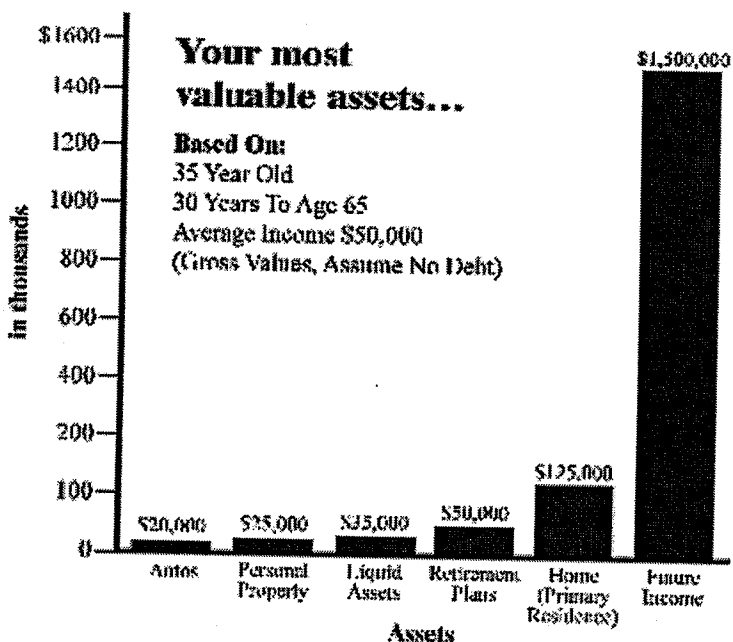
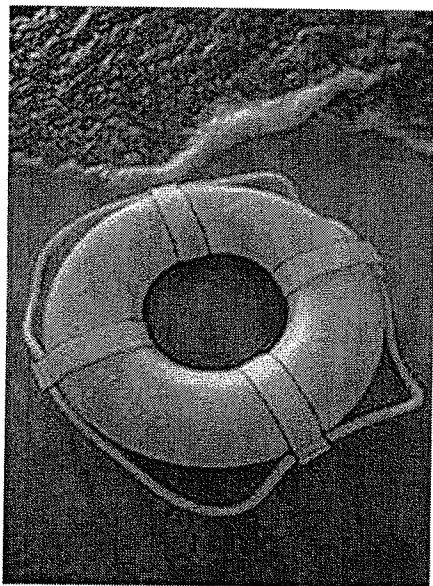


EXHIBIT C

Principal Life Insurance Company

Disability Income Insurance Illustration For Altagracia Peguero



Presented by:

Glendon B. Nickerson Jr., CLU

321 Boston Post Road

Suite 4C

Sudbury, MA 01776

Prepared on:

01/11/2007

WE'LL GIVE YOU AN EDGESM





Disability Income Insurance Illustration Future Benefit Increase Report

Prepared for Altagracia Peguero

Future Benefit Increase Rider

Disability Benefit	Initial Monthly Benefit
Social Insurance (SIS) Benefit	\$1,225
TOTAL INITIAL MONTHLY BENEFIT	<u>\$900</u>
	\$2,125

This rider automatically increases your coverage each year, for 6 years, based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), with a minimum guaranteed increase of 4% compounded, and the maximum is 10% compounded. You do not need to provide evidence of medical insurability.

Every six years, up to age 55, we only review financial information, and as long as you are not overinsured at the time, we renew the rider for another six years. This benefit helps you keep your policy up-to-date with your income growth.

The table below shows how your monthly benefit would grow assuming 4% annual increases in the CPI-U.

Year	Monthly Benefit		
	Disability	+ SIS	= Total Benefit
1	\$ 1,225	\$ 900	\$ 2,125
2	\$ 1,300	\$ 900	\$ 2,200
3	\$ 1,400	\$ 900	\$ 2,300
4	\$ 1,500	\$ 900	\$ 2,400
5	\$ 1,600	\$ 900	\$ 2,500
6	\$ 1,700	\$ 900	\$ 2,600
7	\$ 1,800	\$ 900	\$ 2,700

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Reference Number HH750

Principal Life Insurance Company, Des Moines, IA 50392



Disability Income Insurance Illustration Benefit Update Rider Report

Prepared for Altagracia Peguero

Benefit Update Rider

	Initial Monthly Benefit
Disability Benefit	\$1,225
Social Insurance (SIS) Benefit	\$900
TOTAL INITIAL MONTHLY BENEFIT	\$2,125

This rider allows you to increase your coverage to the maximum amount you are eligible for every 3 years without proving evidence of medical insurability. The table below shows how your monthly benefit would grow assuming 10% annual increases in your monthly income.

Year	Annual Income	Monthly Benefit Disability + SIS = Total			Total Potential Benefit	
					With Benefit Update	Without Benefit Update
1	\$ 35,276	\$ 1,225	\$ 900	\$ 2,125	\$ 605,625	\$ 605,625
2	\$ 38,804	\$ 1,225	\$ 900	\$ 2,125	\$ 580,125	\$ 580,125
3	\$ 42,684	\$ 1,225	\$ 900	\$ 2,125	\$ 554,625	\$ 554,625
4	\$ 46,952	\$ 1,675	\$ 1,050	\$ 2,725	\$ 678,525	\$ 529,125
5	\$ 51,647	\$ 1,675	\$ 1,050	\$ 2,725	\$ 645,825	\$ 503,625
6	\$ 56,812	\$ 1,675	\$ 1,050	\$ 2,725	\$ 613,125	\$ 478,125
7	\$ 62,493	\$ 2,250	\$ 1,200	\$ 3,450	\$ 734,850	\$ 452,625
8	\$ 68,742	\$ 2,250	\$ 1,200	\$ 3,450	\$ 693,450	\$ 427,125
9	\$ 75,616	\$ 2,250	\$ 1,200	\$ 3,450	\$ 652,050	\$ 401,625
10	\$ 83,178	\$ 2,850	\$ 1,375	\$ 4,225	\$ 747,825	\$ 376,125
11	\$ 91,496	\$ 2,850	\$ 1,375	\$ 4,225	\$ 697,125	\$ 350,625
12	\$ 100,646	\$ 2,850	\$ 1,375	\$ 4,225	\$ 646,425	\$ 325,125
13	\$ 110,711	\$ 3,825	\$ 1,400	\$ 5,225	\$ 736,725	\$ 299,625
14	\$ 121,782	\$ 3,825	\$ 1,400	\$ 5,225	\$ 674,025	\$ 274,125

The total potential benefit and monthly benefit columns assume there is no existing coverage present after the 3rd year and does not reflect Catastrophic Disability Benefit.

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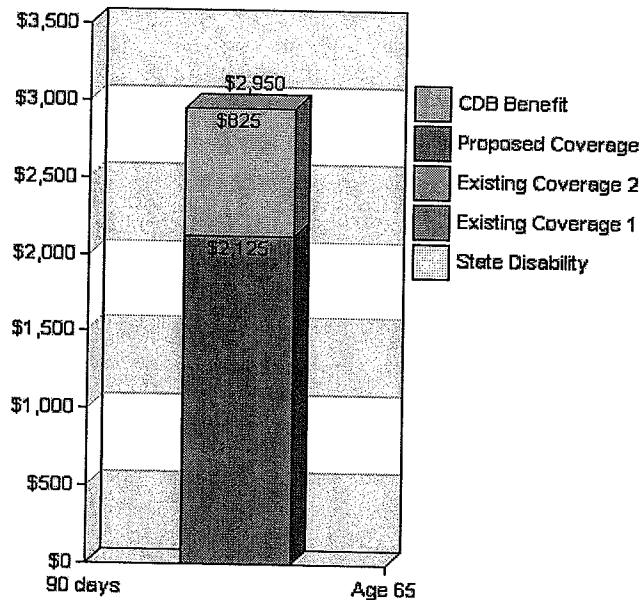
Disability Income Insurance Illustration

Disability Benefit Explanation Prepared for Altagracia Peguero

Your current disability income (DI) insurance is an important first step in protecting your income, but a natural second step should be to fill any gaps that may exist in your current DI coverage. Supplemental DI insurance from Principal Life Insurance Company can be a solution.

Principal Life's DI insurance has a unique feature which allows multiple levels of coverage on one policy which can be customized to fit your individual needs.

See how it would work for you:



For complete details on the proposed benefits, please refer to your Premium Summary Report.

Catastrophic Disability Benefit (CDB) benefits could be paid if your client is:

ADL Disabled
Unable to perform two or more Activities of Daily Living (ADL) without assistance:

- Bathing
- Continence
- Dressing
- Eating/Feeding
- Toileting
- Transferring

OR

Cognitively Impaired

- Measurable impairment to short-term/long term memory loss
- Loss of orientation to people, places, time
- Loss of deductive/ abstract reasoning that severely impairs the ability to function independently

OR

Presumptively Disabled
Total loss of use for any and every purpose or activity with irrecoverable loss of:

- Power of speech; or
- Hearing in both ears; or
- Sight in both eyes; or
- Use of both hands, both feet or one hand and one foot

Policy and rider definitions and provisions may vary in some states. Please read your policy carefully for exact definitions in your state. Contact your Principal Life financial representative for complete details.

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Principal Life Insurance Company, Des Moines, IA 50392





Disability Income Insurance Illustration Premium Summary Report

Prepared for Altagracia Peguero

Female
Age: 41
Occupation
Class: 2A
Nonsmoker
State
Residence: MA

Total Potential
Benefit:
\$605,625

*This does not reflect
any potential CDB
increases.

Policy Information

Disability Benefit

After a 90 day elimination period, your maximum monthly benefit is
\$1,225 from day 91 to Age 65 \$1,355.46

Social Security Substitute (SSS) Benefit:

After a 90 day elimination period, your maximum monthly benefit is
\$900 from day 91 to Age 65 \$631.89

Your occupation period is 5 years

Your total maximum monthly benefit is \$2,125 (72% of your income)

Premium Before Riders:

\$1,987.35

Riders:

Future Benefit Increase	\$0.00
Benefit Update	\$0.00
Residual Disability Benefit	\$525.94
Presumptive Disability Benefit	\$0.00
Capital Sum Benefit of \$25,500.00	\$0.00
Catastrophic Disability Benefit \$825 monthly benefit, 90 day elimination period, to age 65 benefit period	\$75.49
Total	\$601.43

TOTAL ANNUAL PREMIUM: (7.34% of income)

\$2,588.78

Premium Payment Options	Annual Premium Payment Frequency Charge	Annualized Premium	Premium Amount
Annual	\$0.00	\$2,588.78	\$2,588.78
Semi-Annual	\$64.72	\$2,653.50	\$1,326.75
Quarterly	\$129.42	\$2,718.20	\$679.55
Monthly/Electronic Funds Transfer	\$129.46	\$2,718.24	\$226.52

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Principal Life Insurance Company, Des Moines, IA 50392

Page 1 of 2



Disability Income Insurance Illustration Premium Summary Report

Prepared for Altagracia Peguero

Client Information:

Annual Earned Income: \$ 35,276

Bonus Income: \$ 0

Unearned Income: \$ 0

Policy Details:

Policy Benefits: Non-Taxable (Please consult your tax advisor for further information.)

Product Series: Series 700 - HH750

This illustration is a general description, it is not the policy, and does not modify or change the provisions of any policy or rider. Policy definitions and provisions may vary by state, read your policy carefully for the exact definitions and provisions. The policy contains certain exclusions and limitations. The policy does not pay benefits for a disability which in whole or part is caused by, contributed to by, or results from an intentional, self-inflicted injury, commission of or an attempt to commit a criminal act, or involvement in an illegal occupation or activity; or suspension, revocation or surrender of your professional or occupation license or certification; or active military service during a military action or conflict; or incarceration in a penal or correctional institution for 30 consecutive days or longer. Benefits are limited when living outside the United States or Canada. Limitations for normal pregnancy or childbirth may apply. The policy also has a Pre-Existing Condition Limitation. There may be other exclusions or limitations in the policy in addition to those stated in this section. Contact your Principal Life financial representative for complete details.

Alternate Premium

This table is only a guide. Discounted Annual Premiums are displayed. Changes in elimination period, benefit period, your occupation period, riders or discounts can affect the total premium. Premiums calculated below minimum are marked N/A. For premium payment options other than annual, there will be a premium payment frequency charge. Please request a Premium Summary Report for detailed information on the options shown below.

Benefit Period/ Your Occupation Period/ CDB Benefit Period	Disability Base/SIS/CDB Elimination Periods (In Days)				
	30/30/90	60/60/90	90/90/90	180/180/180	365/365/365
To Age 70/To Age 70/To Age 70	N/A	N/A	N/A	N/A	N/A
To Age 67/To Age 67/To Age 67	N/A	N/A	N/A	N/A	N/A
To Age 65/To Age 65/To Age 65	N/A	N/A	N/A	N/A	N/A
5 Year/5 Year/5 Year	\$3,656.06	\$2,416.75	\$1,763.37	\$1,475.76	\$1,273.98
2 Year/2 Year/2 Year	\$2,816.42	\$1,716.07	\$1,173.67	\$929.14	N/A

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